

Message Text

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SUBJ: MAJOR PROJECTS: NATIONAL POWER GRID.

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1. SUMMARY: MINISTRY OF ENERGY PLANS TO ISSUE TENDERS FOR SOME 3,000 KMS OF 400 KV LINE IN 1978/79 THROUGH AFFILIATE KNOWN AS TAVANIR. EMBASSY IS GATHERING SPECIFIC INFORMATION ON UPCOMING POWER PROJECTS WHICH WILL BE FORWARDED AS SOON AS POSSIBLE. THIS CABLE DISCUSSES MINENERGS AFFILIATES AND SUGGESTED MARKETING APPROACH. END SUMMARY.

2. EMBASSY HAS DISCUSSED POWER PROJECTS AND POWER PLANNING WITH MINENERGS OFFICIALS, HOWEVER, THEY ARE RELUCTANT TO PROVIDE DETAILS ON SPECIFIC FUTURE PROJECTS. SUBJECT HAS ALSO BEEN DISCUSSED WITH AMERICAN ENGINEERING FIRMS WHO USUALLY HAVE ONLY PARTIAL INTEREST IN VARIOUS SECTORS OF MARKET. INFORMATION GIVEN REFTEL, AS TAKEN FROM MIDDLE EAST ECONOMIC DIGEST, CORRECT. TEHRAN-NEKA LINE PRELIMINARY ENGINEERING WAS DONE BY GIBBS AND HILL(US) AND CONSTRUCTION IS BEING CARRIED OUT BY FURUKAWA (JAPAN). ENGINEERING WORK ON OTHER PROJECTS CITED WAS DONE BY WEST GERMAN, BRITISH, ITALIAN AND OTHER EUROPEAN FIRMS, IN PARTNERSHIP WITH MINENERGY AFFILIATE KNOWN AS MAHAB (PARA 3 BELOW).

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3. OF THE THREE SUBSIDIARY OFFICES OF THE MINISTRY OF ENERGY, EACH OF WHICH HAS SEPARATE RESPONSIBILITIES FOR EXPANSION OF NATIONAL POWER GRID AND ALL OF WHOM OFFER AVENUES OF APPROACH TO MAJOR CONTRACTS, PERHAPS MOST IMPORTANT AND LEAST KNOWN TO AMERICAN COMPANIES IS MINENERGY ENGINEERING CONSULTANT FIRM KNOWN AS MAHAB. MAHAB DOES PRELIMINARY DESIGN WORK

ON ALL MAJOR PROJECTS, USUALLY IN PARTNERSHIP WITH FOREIGN FIRMS, AND ALTHOUGH PARTNERSHIP WITH MAHAB DOES NOT GIVE FIRM ANY PREFERENCE IN COMPETITIVE BIDDING ON POWER PROJECTS, IT DOES OFFER CERTAIN OBVIOUS ADVANTAGES. MAHAB IS CURRENTLY WORKING ON SEVERAL PROJECTS TO BE TENDERED IN 1978/79.

4. TAVANIR, THE SECOND SUBSIDIARY, IS RESPONSIBLE FOR INTER-PROVINCIAL POWER PROJECTS ABOVE 63 KV, INCLUDING MOST OF THOSE MENTIONED REFTELJM DURING 1978/79, TAVANIR WILL ISSUE TENDERS FOR 3,000 KM OF 400 KKV LINE AND FOUR TO FIVER 400 KV SUBSTATIONS. ALL TAVANIR TENDERS ARE CLOSED TENDERS, ISSUED TO FIRMS WHOSE CAPABILITIES AND PERFORMANCE ARE KNOWN TO TAVANIR AND IRANIAN PLAN AND BUDGET ORGANIZATION (PBO). IN MEETING WITH EMBASSY OFFICERS, TAVANIR OFFICIALS CLAIM THAT AMERICAN COMPANIES OFTEN DO NOT RESPOND TO BID OFFERS OR ARE WILLING TO WORK ONLY ON COST PLUS BASIS. THEY FURTHER EXPRESSED INTEREST IN MEETING WITH ANY AMERICAN FIRM QUOTE RECOMMENDED BY THE EMBASSY UNQUOTE WHICH IS INTERESTED IN BEING PLACED ON ITS BIDDERS LIST AND CAPABLE OF CARRYING OUT LARGE SCALE POWER GENERATION AND TRANSMISSION PROJECTS.

5. THE THIRD ORGANIZATION, KNOWN AS SATKAB, IS RESPONSIBLE FOR PROCUREMENT OF ALL PROJECTS UP TO 63 KV INCLUDING GENERATING EQUIPMENT, SPARES, SWITCHGEAR AND CABLES.
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DURING 1978/79, SATKAB WILL BE ISSUING CLOSED TENDERS FOR 4,000 TONS OF ALUMINUM WIRE, 6000 TONS OF COPPER INSULATED CABLE, AND LARGER QUANTITIES OF INSULATORS AND SWITCHGEAR. SATKAB EXPRESSED INTEREST IN MEETING WITH AMERICAN SUPPLIERS OF PRODUCTS WHICH THEY PURCHASE. BIDDING PROCEDURES ARE CLOSED, AND THEY PREFER TO DEAL WITH MANUFACTURERS RATHER THAN AGENTS. SATKAB OFFICIALS EXPRESSED CLEAR PREFERENCE FOR AMERICAN EQUIPMENT ON TECHNICAL GROUNDS BUT REPORT THAT AMERICAN COMPANIES ARE NOT COMPETITIVE ON PRICE.

6. FINALLY, POWER PROJECTS LOCATED ENTIRELY WITHIN ONE PROVINCE ARE THE RESPONSIBILITY OF THE PROVINCIAL WATER AND POWER AUTHORITIES, WHO WORK UNDER GENERAL GUIDANCE OF MINENERGY. TEHRAN, KHUZESTAN AND EAST AZERBAIJAN ARE AMONG THOSE PROVINCES WHICH HAVE EXTENSIVE PROVINCIAL ENERGY PROGRAMS.

7. EMBASSY WILL TRY TO PREPARE MORE COMPREHENSIVE MESSAGE REQUESTED PARA 4 REFTEL, BASED ON INFORMATION AVAILABLE. ALTHOUGH ENERGY OFFICIALS RELUCTANT TO RELEASE ADVANCE INFORMATION ON FUTURE TENDERS, THEY

ARE WILLING TO CONSIDER PRESENTATIONS FROM QUALIFIED
FIRMS WHO WISH TO BE ON BID LIST. EMBASSY WILLING TO
ASSIST FIRMS IN THIS REGARD.
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